

HSA Balances, Contributions, Distributions, and Other Vital Statistics—A First Look at Data from the EBRI HSA Database on the 10th Anniversary of the HSA

By Paul Fronstin, Ph.D., Employee Benefit Research Institute

A T A G L A N C E

- The EBRI HSA Database contains data collected from various HSA providers on 1.5 million accounts with total assets of \$2.7 billion as of December 31, 2013. This *Issue Brief* is the first annual report drawing on cross-sectional data from the EBRI HSA Database. It examines account balances, individual and employer contributions, annual distributions, deductibles and type of coverage when the HSA was opened, and account-owner demographics for 2013.
- This year marks the 10th anniversary of the creation of health savings accounts (HSAs) under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003.
- Starting from scratch a decade ago, enrollment in HSA-eligible health plans is estimated to range from 15.5 million to 20.4 million policyholders and their dependents, and it has also been estimated that there are 10.7 million accounts holding \$19.3 billion in assets as of Dec. 31, 2013. Seventy percent of HSAs were opened since 2011.
- The average HSA balance at the end of 2013 was \$1,766, up from \$1,280 at the beginning of the year. Average account balances increased with the age of the owner of the account. Account balances averaged \$697 for owners under age 25 and \$4,460 for owners ages 65 and older.
- HSAs with either individual or employer contributions accounted for 69 percent of all accounts and 87 percent of the assets. Six percent of these accounts ended the year with a zero balance.
- On average, individuals who made contributions deposited \$2,032 to their account. HSAs receiving employer contributions received \$1,184, on average.
- Four-fifths of HSAs with a contribution also had a distribution for a health care claim during 2013.
- Among HSAs with claims, the average amount distributed for health care claims was \$1,953.
- Distributions for health care claims increased with age, with the exception of those ages 65 and older. Average annual distributions were \$667 for account owners under age 25; \$2,335 for account owners ages 55–64; and \$2,017 for account owners ages 65 and older. Average annual distributions were higher for accounts that were older. However, the likelihood of taking a distribution for health care claims was higher among accounts opened more recently.
- HSAs are likely to keep growing: It is expected that 30 percent of larger employers will offer an HSA-eligible health plan or HRA as the only plan option by 2015.

Paul Fronstin is director of the Health Research and Education Program at the Employee Benefit Research Institute (EBRI). This *Issue Brief* was written with assistance from the Institute’s research and editorial staffs. Any views expressed in this report are those of the author and should not be ascribed to the officers, trustees, or other sponsors of EBRI, EBRI-ERF, or their staffs. Neither EBRI nor EBRI-ERF lobbies or takes positions on specific policy proposals. EBRI invites comment on this research.

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Introduction

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA) included a provision to allow individuals enrolled in certain high-deductible health plans to open and fund a health savings account (HSA), effective Jan. 1, 2004. Hence, 2014 marks the 10-year anniversary of the introduction of HSAs. Enrollment in these HSA-eligible health plans was estimated to range from 15.5 million to 20.4 million policyholders and their dependents in 2013.¹ It has also been estimated that there are 10.7 million accounts holding \$19.3 billion in assets as of Dec. 31, 2013.² The number of employers expected to offer an HSA-eligible health plan, either as a health plan option or as the only health plan option, is expected to continue to increase.³

While there is a growing literature around the use of medical services and spending among individuals in HSA-eligible plans,⁴ data on accounts and account-owners is scant. The most recent report by America's Health Insurance Plans (AHIP) with data on account balances, contributions, distributions, and account owner demographics was based on 2009 data.⁵ Devenir reports limited, aggregate data from a survey of HSA providers.⁶

The EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey, conducted annually since 2005, collects information on enrollees in HSA-eligible health plans but relies on self-reported information regarding HSA account balances, contributions, distributions, and account-owner demographics for individuals enrolled in HSA-eligible health plans.⁷ As an expansion of this research, EBRI has created the EBRI HSA Database to collect a large, representative repository of administrative information about HSAs and account owners. This *Issue Brief* is the first annual report drawing on cross-sectional data from the EBRI HSA Database. It examines account balances, individual and employer contributions, annual distributions, deductibles and type of coverage when the HSA was opened, and account-owner demographics for 2013.

What is an HSA?

A health savings account (HSA) is a tax-exempt trust or custodial account that an individual can use to pay for health care expenses. Contributions to the account are deductible from taxable income, and distributions for qualified medical expenses from the HSA are not counted as taxable income. Tax-free distributions are also allowed for certain premiums. Any interest or other capital earnings from the account build up tax free as well.

Eligibility

In order to qualify for tax-free contributions to an HSA, the individual must be covered by a health plan that has an annual deductible of not less than \$1,250 for self-only coverage or \$2,500 for family coverage, though certain preventive services can be covered in full and are not subject to the deductible. However, individuals with an HSA-eligible health plan (i.e., a health plan meeting the statutory minimum deductible and maximum out-of-pocket limits) that makes them eligible to make tax-free contributions to an HSA are not required to make a contribution or to have an account. The out-of-pocket maximum may not exceed \$6,350 for self-only coverage and \$12,700 for family coverage, with the deductible counting toward this limit. The minimum allowable deductible and maximum out-of-pocket limit are indexed to inflation. See Figure 1 for historical statutory HSA limits. A network plan may impose a higher deductible and an out-of-pocket limit for out-of-network services.

In addition to the limits described above, to be eligible to contribute to an HSA, an individual may not be enrolled in other health coverage, such as a spouse's plan, unless that plan is also an HSA-eligible health plan. An individual also

may not make an HSA contribution if he or she is claimed as a dependent on another person's tax return. However, individuals are allowed to have supplemental coverage with deductibles below the statutory HSA-eligible health plan minimum for things such as vision care, dental care, certain specific diseases, and insurance that pays a fixed amount per day (or other stipulated period) for hospitalization. Individuals enrolled in Medicare are not eligible to make HSA contributions, although, if they have an HSA, they are able to withdraw money from it for qualified medical expenses and certain premiums.⁸

Contributions

Both individuals and employers are allowed to contribute to an HSA. Contributions are excluded from taxable income if made by the employer and deductible from taxable income if made by the individual account owner. The maximum annual contribution was \$3,300 for individual coverage and \$6,550 for family coverage in 2014, up from \$3,250 for individual coverage and \$6,450 for family coverage in 2013.

Additionally, individuals who have reached age 55 and are not yet enrolled in Medicare may make catch-up contributions. In 2014, a \$1,000 catch-up contribution was allowed. The catch-up contribution is not currently indexed to inflation.

Distributions

Distributions from an HSA can be made at any time. An individual need not be covered by an HSA-eligible health plan to withdraw money from the HSA. Distributions are excluded from taxable income if they are used to pay for qualified medical expenses as defined under Internal Revenue Code (IRC) Sec. 213(d). Distributions for premiums for COBRA coverage, long-term care insurance, health insurance while receiving unemployment compensation, and insurance while eligible for Medicare other than for Medigap, are also tax free.

Distributions for nonqualified medical expenses are subject to regular income tax as well as a 20 percent penalty, which is waived if the owner of the HSA dies, becomes disabled, or is eligible for Medicare.

Archer Medical Savings Accounts

Prior to the availability of HSAs, Medical Savings Accounts (MSAs) were authorized as a demonstration project under the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Workers were eligible to set up an MSA if employed at a firm with 50 or fewer employees. The self-employed were also eligible. Both were required to be covered by a high-deductible health plan in order to be able to contribute to an MSA. When the MMA created HSAs, existing MSAs were grandfathered, but as of Dec. 31, 2007, no new MSAs could be opened. However, individuals with an MSA were allowed to transfer those account balances to an HSA.

Rollovers

Individuals are able to roll over funds from one HSA into another without subjecting the distribution to income and penalty taxes as long as the rollover occurs within 60 days of the date funds are received.

Trends in HSA-Eligible Health Plan Enrollment

According to the EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey (CEHCS), 13.5 percent of the privately insured market of adults were enrolled in an HSA-eligible health plan in 2013, up from 5.9 percent in 2007 (Figure 2). Nearly 6 percent (5.9 percent) had opened an HSA, while 7.6 percent had not. The overall number of individuals enrolled in an HSA-eligible health plan was 20.4 million in 2013, up 16 percent from 17.5 million in 2012 (Fronstin, 2013).

By way of comparison, a number of other surveys track enrollment in HSA-eligible plans. AHIP found that the number of people enrolled in an HSA-eligible plan was 15.5 million in January 2013, up 15 percent from 13.5 million in January 2012.⁹ Mercer found that 18 percent of workers with employment-based coverage were covered by either an HSA-

eligible health plan or a health reimbursement arrangement (HRA) in 2013, up from 16 percent in 2012, a 13 percent increase.¹⁰

The increases tracked between 2012 and 2013 were similar in the CEHCS (16 percent), AHIP (15 percent), and Mercer (13 percent) surveys even though there were differences in the surveys. First, the Mercer survey combined HRA with HSA enrollment. Second, total enrollment estimates in the CEHCS were higher than AHIP's census. The enrollment estimates in the CEHCS may have been higher for a number of reasons:

- The surveys were conducted at different times. The CEHCS was conducted in August 2013, and the AHIP census was conducted in January 2013.
- The AHIP census was based on 91 companies. Some insurers may not have reported HSA-eligible enrollment numbers to AHIP, which would mean that the AHIP census underestimated HSA-eligible enrollment.
- The CEHCS may have overestimated the percentage of individuals in an HSA-eligible plan, as it was based on self-reported eligibility status.

In contrast to the CEHCS, AHIP, and Mercer, the National Health Interview Survey (NHIS) found that the percentage of individuals with private insurance covered by either an HSA-eligible health plan or an HRA was 10.9 percent in 2013, barely up from 10.8 percent in 2012.¹¹ NHIS does not provide separate estimates for HSA-eligible health plan and HRA enrollees. The Kaiser Family Foundation (KFF) found that 20 percent of workers were enrolled in either an HSA-eligible health plan or HRA, up from 19 percent in 2012, a 5 percent increase.¹²

The detailed KFF estimates on HSAs and HRAs were different than the other surveys mentioned above. KFF found that offer rates for HSA-eligible plans fell from 26 percent to 17 percent between 2012 and 2013.¹³ The drop in offer rates was confined to firms with three to 199 workers and resulted in a drop in enrollment,¹⁴ but KFF also found a drop in enrollment among employers with 200–999 workers (though the decline was not statistically significant).¹⁵ These results contrasted with AHIP's 15 percent increase and the CEHCS' 16 percent increase in HSA-eligible enrollment between 2012 and 2013, as well as Mercer's 13 percent overall increase for CDHPs.

Outlook for Enrollment

Enrollment in HSA-eligible health plans is expected to grow. According to Mercer, 23 percent of employers with 10–499 employees and 39 percent of employers with 500 or more employees offered an HSA-eligible health plan or HRA in 2013 (Figure 3). By 2016, 34 percent of employers with 10–499 employees and 64 percent of employers with 500 or more employees are very likely to offer such a health plan. It is expected that 30 percent of larger employers will offer an HSA-eligible health plan or HRA as the only plan option by 2015.¹⁶

Open Accounts

While there were somewhere between 15.5 million and 20.4 million individuals enrolled in HSA-eligible health plans in 2013, there were only 10.7 million open accounts as of Dec. 31, 2013.¹⁷ According to the EBRI HSA Database, most accounts have been opened within the past few years. Among HSAs opened prior to 2014, just over two-thirds (70 percent) were opened since 2011 (Figure 4). Nearly one-third (31 percent) of HSAs were opened in 2013; one-fifth (20 percent) were opened in 2012; and one-fifth (19 percent) were opened in 2011.

The number of enrollees in HSA-eligible health plans will differ from the number of accounts for various reasons. The number of enrollees is composed of the policyholder and any covered dependents, and will generally be higher than the number of accounts because one account is usually associated with a family. Hence, the number of individuals enrolled in an HSA-eligible health plan will generally be higher than the number of accounts. However, over time, the number of accounts can grow relative to the number of enrollees because when an individual or family is no longer covered by an HSA-eligible health plan, they are allowed to keep the HSA open. Furthermore, individuals and families can have more than one account.

**Figure 1
Statutory HSA Limits, 2004–2014**

	Minimum Deductible		Maximum Contribution		Maximum Out-of-Pocket Limit		Per-Person catch-up contribution limit
	Individual	Family	Individual	Family	Individual	Family	
2004	\$1,000	\$2,000	\$2,600	\$5,150	\$5,000	\$10,000	\$500
2005	1,000	2,000	2,600	5,150	5,000	10,000	600
2006	1,050	2,100	2,700	5,450	5,250	10,500	700
2007	1,100	2,200	2,850	5,650	5,500	11,000	800
2008	1,100	2,200	2,900	5,800	5,600	11,200	900
2009	1,150	2,300	3,000	5,950	5,800	11,600	1,000
2010	1,200	2,400	3,050	6,150	5,950	11,900	1,000
2011	1,200	2,400	3,050	6,150	5,950	11,900	1,000
2012	1,200	2,400	3,100	6,250	6,050	12,100	1,000
2013	1,250	2,500	3,250	6,450	6,250	12,500	1,000
2014	1,250	2,500	3,300	6,550	6,350	12,700	1,000

Source: www.treasury.gov/resource-center/faqs/taxes/pages/health-savings-accounts.aspx

**Figure 2
Enrollment in HSA-Eligible Health Plans,
by Presence of Account, 2007–2013**

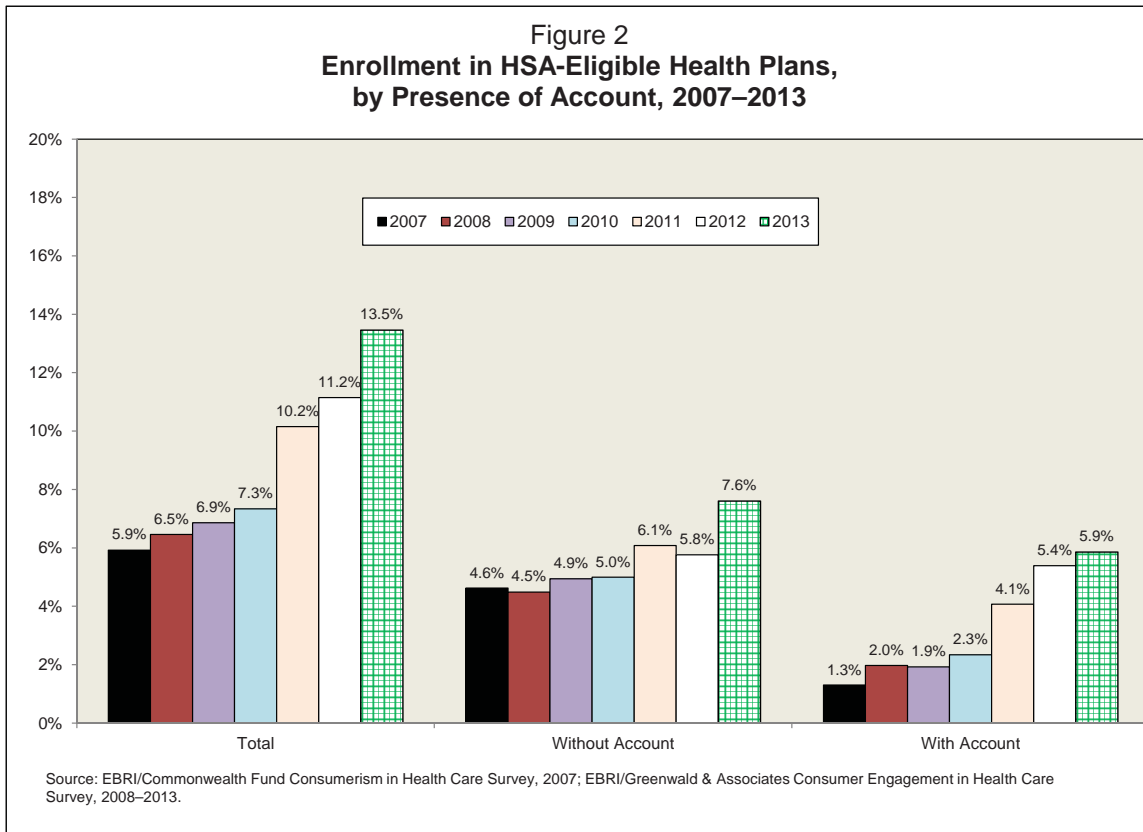


Figure 3
Percentage of Employers Offering HSA-Eligible Health Plan/HRA,
by Firm Size, 2008–2013, With Projections Through 2016

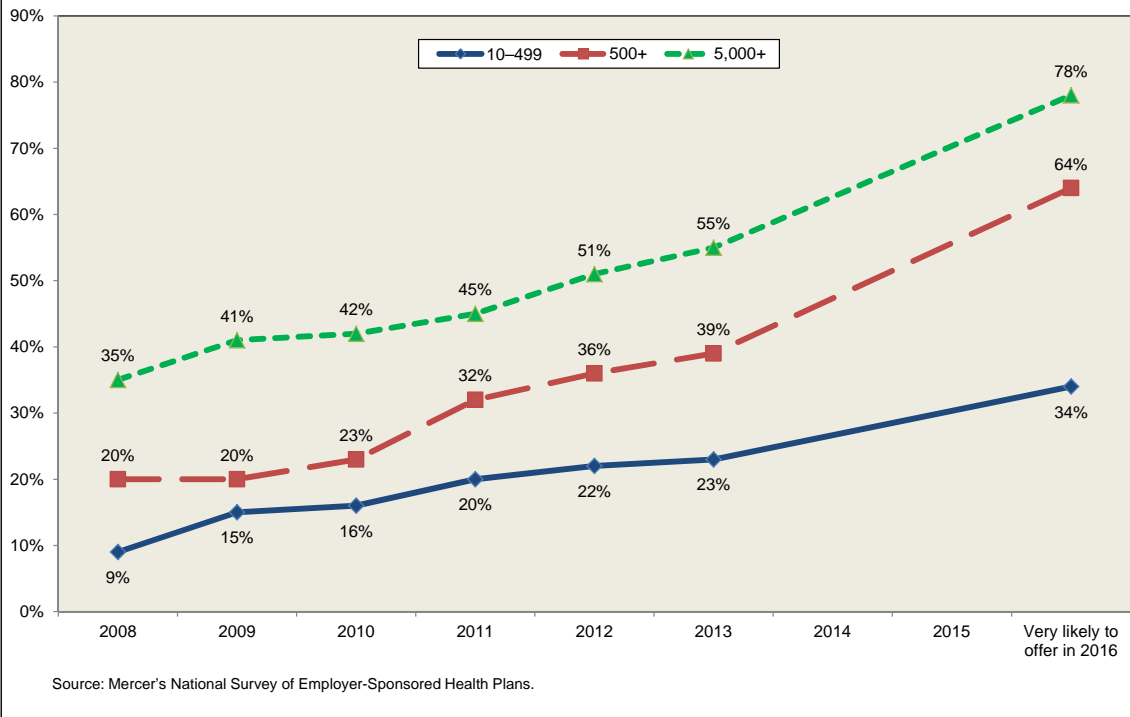
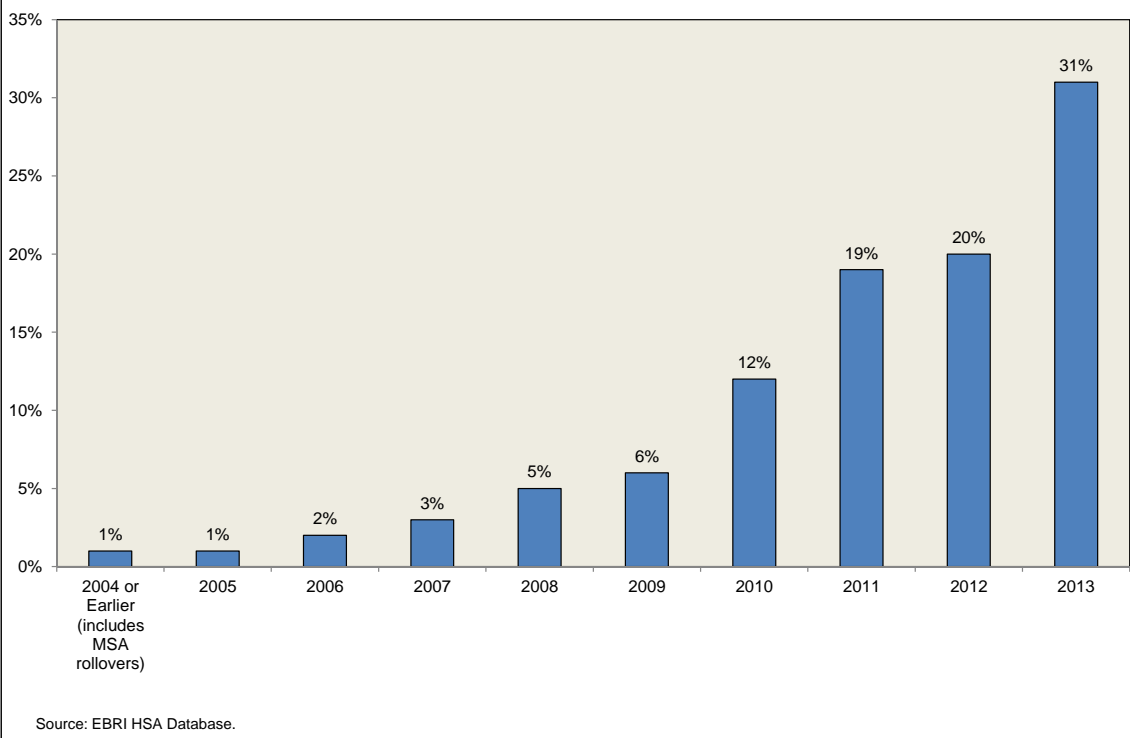


Figure 4
Distribution of HSA Owners, by Year Account was Opened, as of 2013



About the EBRI HSA Database

The EBRI HSA Database Project is a large, representative repository of information about individual HSAs. As of Dec. 31, 2013, the EBRI database included statistical information for:

- 1.5 million health savings accounts.
- \$2.7 billion in assets.

The 2013 EBRI HSA database covers 14 percent of the universe of HSAs and 14 percent of HSA assets.¹⁸ The project is unique because it includes data provided by a wide variety of account record-keepers and, therefore, represents the characteristics and activity of a broad range of HSA owners.

Sources of Data

Several recordkeeping organizations provided de-identified data on HSA owners at year-end 2013. Records were de-identified prior to inclusion in the database to conceal the identity of account owners, but the data were coded so that account owner activity could be tracked over time, a unique aspect of the EBRI HSA Database.¹⁹ Another unique aspect of the EBRI HSA Database is that it can link the accounts of individuals with more than one account in the database, thus permitting the aggregation of the HSA asset totals of individuals with multiple accounts, within or across account record-keepers, providing a more complete picture of the number of individuals with accounts and their HSA assets.

Moreover, the EBRI HSA Database also contains the following information about account owners: year of birth; gender; type of coverage (such as individual or family); year the HSA was opened;²⁰ deductible when the HSA was opened; and month and year the account was opened. Data for each account also includes individual and employer contributions, as well as beginning- and end-of-year account balances.

Nearly all of the accounts with a reported open date in November and December 2013 had no activity (i.e., no individual or employer contributions) and zero account balances, and thus were excluded from the analysis on the assumption that they were new accounts that were most likely not eligible for contributions until January 2014.

HSA Owners by Account Status

The EBRI HSA Database Project contains data on 1.5 million accounts with \$2.7 billion in assets as of Dec. 31, 2013 (Figure 5). Account balances averaged \$1,766 at the end of 2013, up from \$1,280 at the end of 2012.

Accounts With Contributions

Nearly 1.1 million of the accounts in the EBRI HSA Database (69 percent) received contributions in 2013, either individual contributions or employer contributions. Among those with a contribution, the average account balance at the end of 2013 was \$2,242, up from \$1,436 at the end of 2012. Accounts with contributions in 2013 had \$2.4 billion in assets and represented 87 percent of the assets in the EBRI HSA Database.

Most of the accounts with contributions incurred a claim during the year. About 850,000 accounts (55 percent of the total number of accounts and 80 percent of the accounts with contributions) had a distribution in 2013. Those with a contribution and a distribution still had an average account balance of \$1,955 at the end of 2013. Those without a distribution had an average of \$3,420 in the account at the end of 2013.

Most accounts with contributions ended the year with a positive account balance. The few accounts with contributions in 2013 and a zero account balance at the end of 2013 started with an average balance of \$543 at the beginning of the year. Among the accounts with contributions in 2013 and a positive end-of-year account balance, the average balance increased from \$1,489 at the end of 2012 to \$2,377 at the end of 2013.

Accounts Without Contributions

Nearly one-third (31 percent) of the accounts in the EBRI HSA Database did not have any employer or individual contributions in 2013. Overall, these accounts started 2013 with an average balance of \$841 and ended the year with an average balance of \$731. They accounted for 13 percent of all assets in the database.

Over one-half (53 percent) of the accounts that did not have any contributions in 2013 ended the year with a zero account balance but did not have any distributions for claims. These accounts had an average balance of \$87 at the start of 2013. Most of these accounts were closed at some point during 2013, with the funds either being transferred to another HSA or taken as a non-qualified distribution.

About one-quarter (24 percent) of the accounts did not have any contributions or distributions for claims but nonetheless ended the year with a positive account balance. Balances among these accounts averaged \$1,705 at the beginning of 2013 and \$1,799 at the end of the year. These may have been dormant accounts, or the account owners may have been using these accounts to save for future medical expenses.

The remaining accounts (23 percent) incurred claims during 2013. Those that ended the year with a zero balance started with an average of \$738. Among those with an account balance at the end of 2013, the average balance fell from \$2,980 at the beginning of 2013 to \$2,126 at the end of 2013.

Summary of Average Account Activity

Individual contributions averaged \$1,048 in 2013 across the entire EBRI HSA database, but averaged \$2,032 when looking only among individuals who actually made a contribution in 2013 (Figure 6). Similarly, across all accounts in the EBRI HSA database, employer contributions averaged \$605, but among accounts that actually received an employer contribution during the year, they averaged \$1,184. Distributions for medical claims averaged \$1,218 overall, but were \$1,953 among just those accounts with a distribution for claims during the year. Overall, 52 percent of accounts had individual contributions, 51 percent received employer contributions, and 62 percent had distributions during 2013.

Demographics of HSA Owners

HSA owners in the EBRI HSA database were fairly evenly distributed by age. One-quarter each were ages 25–34, 35–44 or 45–54 (Figure 7). About one-fifth (19 percent) were ages 55–64, while only 3 percent were under age 25, and 3 percent were ages 65 and older. The average age was 43.6. For comparison, data from the March 2013 Current Population Survey (CPS) showed the distribution of adults with group health coverage in 2012 to be quite similar, with two exceptions: in the EBRI HSA database, HSA owners were less likely to be under age 25 or ages 65 and older than was the case in the March 2013 CPS.

Despite the nearly even split in adults with group health coverage by gender from the March 2013 CPS, HSA owners were more likely to be male than female in the EBRI HSA database. In 2013, 57 percent of HSA owners in the EBRI HSA database were male and 43 percent were female (Figure 8).

Health Coverage Characteristics

Some record keepers were able to provide information about the HSA-eligible plan at the time the HSA was opened. The number of HSA owners with individual coverage or family coverage was split nearly evenly. Fifty-two percent of HSA owners reported that they had individual coverage when they opened the HSA, and 48 percent reported that they had family coverage (Figure 9).

Most deductible levels were below \$4,000 when the HSA was opened. One-quarter (28 percent) were between \$1,000 and \$1,999; 30 percent were between \$2,000 and \$2,999; and 23 percent were between \$3,000 and \$3,999 (Figure 10). Only 19 percent of the accounts had a deductible of \$4,000 or more.

Figure 5
Distribution of HSAs by Account Status, 2013

	Number of Accounts (millions)	Distribution of Accounts (percent)	Average Beginning of Year Account Balance	Average End of Year Account Balance	Total Assets (billions)	Distribution of Assets (percent)
Total	1.5	100%	\$1,280	\$1,766	\$2.7	100%
Accounts With Employer or Individual Contributions	1.06	69	1,436	2,242	2.4	87
<i>Distributions</i>						
Distributions from Account for Claims	0.85	55	1,304	1,955	1.7	61
No Distributions from Account for Claims	0.21	13	1,976	3,420	0.7	26
<i>End-of-Year Balance</i>						
End-of-Year account balance zero	0.06	4	543	0	0.0	0
End-of-Year account balance positive	1.00	65	1,489	2,377	2.4	87
Accounts With No Employer or Individual Contributions	0.49	31	841	731	0.4	13
<i>Distributions from Account for Claims</i>						
End-of-Year account balance zero	0.04	3	738	0	0.0	0
End-of-Year account balance positive	0.07	5	2,980	2,126	0.1	5
No Distributions from Account for Claims	0.38	24	583	552	0.2	8
<i>End-of-Year account balance zero</i>	0.26	17	87	0	0.0	0
<i>End-of-Year account balance positive</i>	0.12	7	1,705	1,799	0.2	8

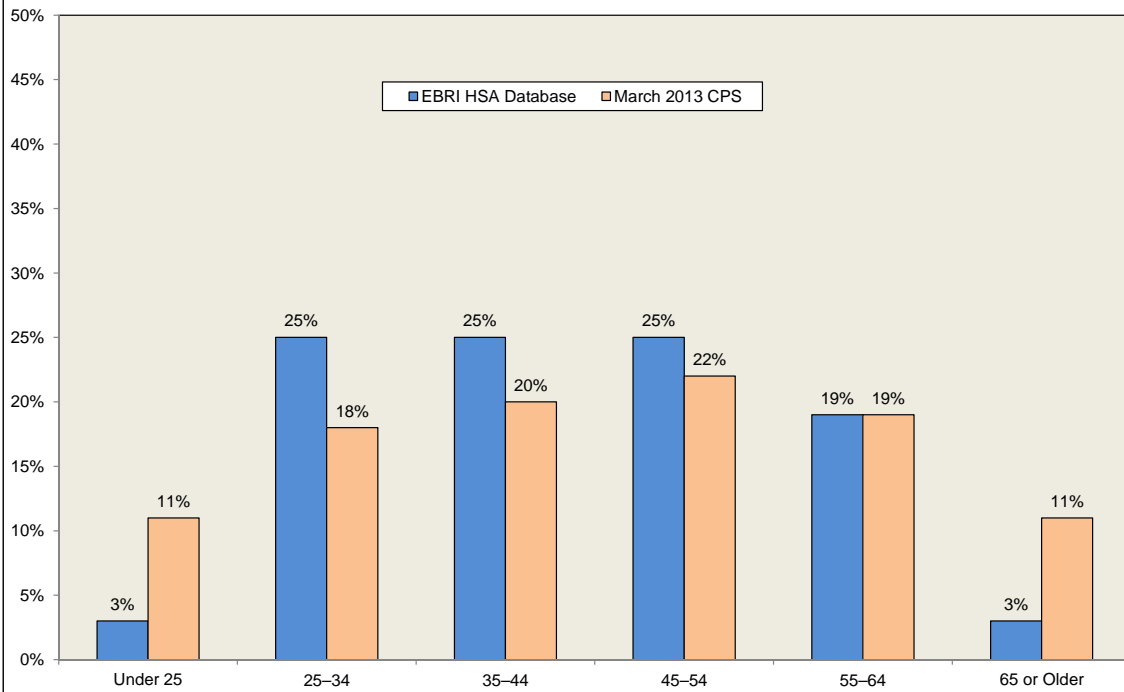
Source: EBRI HSA Database.

Figure 6
Summary of Average Account Activity, 2013

	All Accounts	Accounts With Contributions or Distributions	Accounts With Contributions or Distributions
Individual Contributions	\$1,048	\$2,032	52%
Employer Contributions	605	1,184	51
Distributions for Claims	1,218	1,953	62

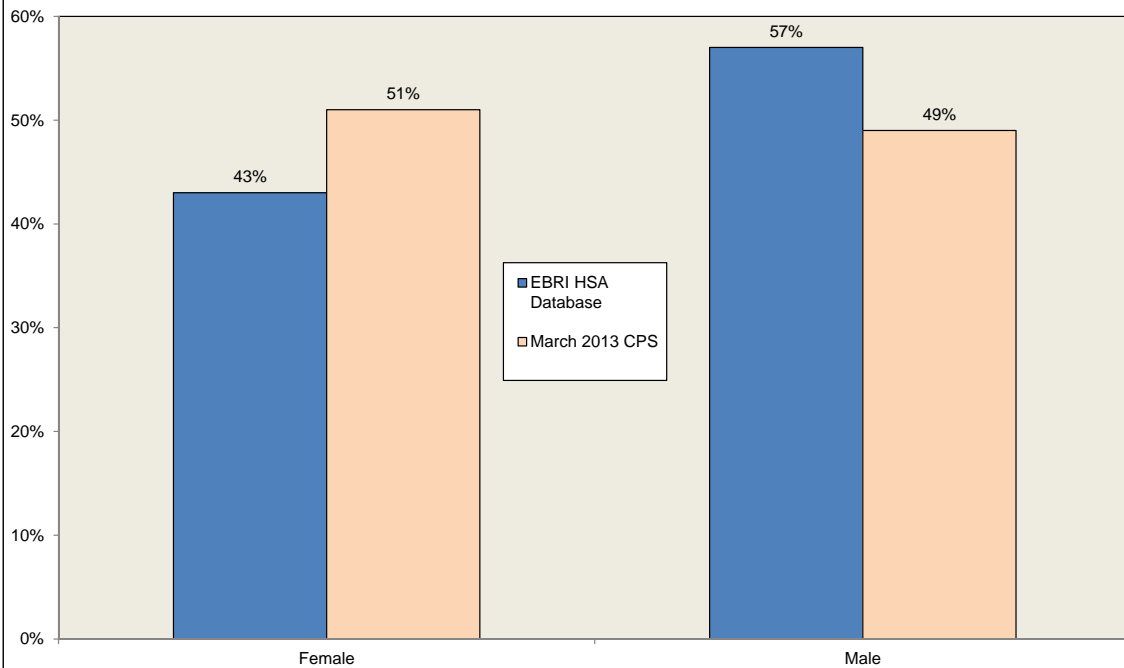
Source: EBRI HSA Database.

Figure 7
Distribution of HSA Owners, by Age, 2013



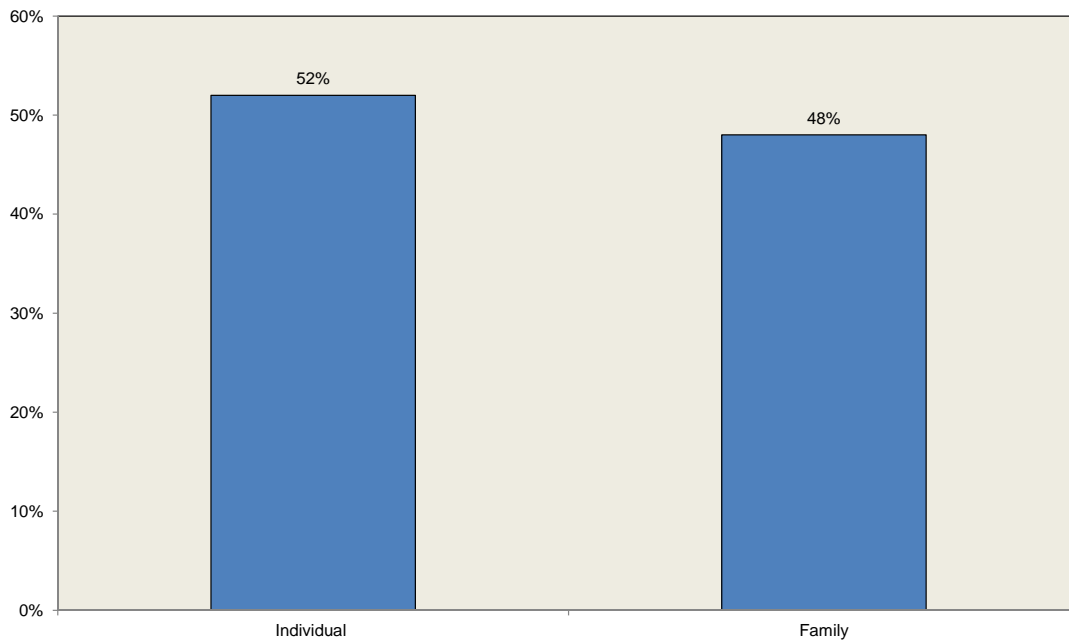
Source: EBRI HSA Database and March 2013 Current Population Survey.

Figure 8
Distribution of HSA Owners, by Gender, 2013



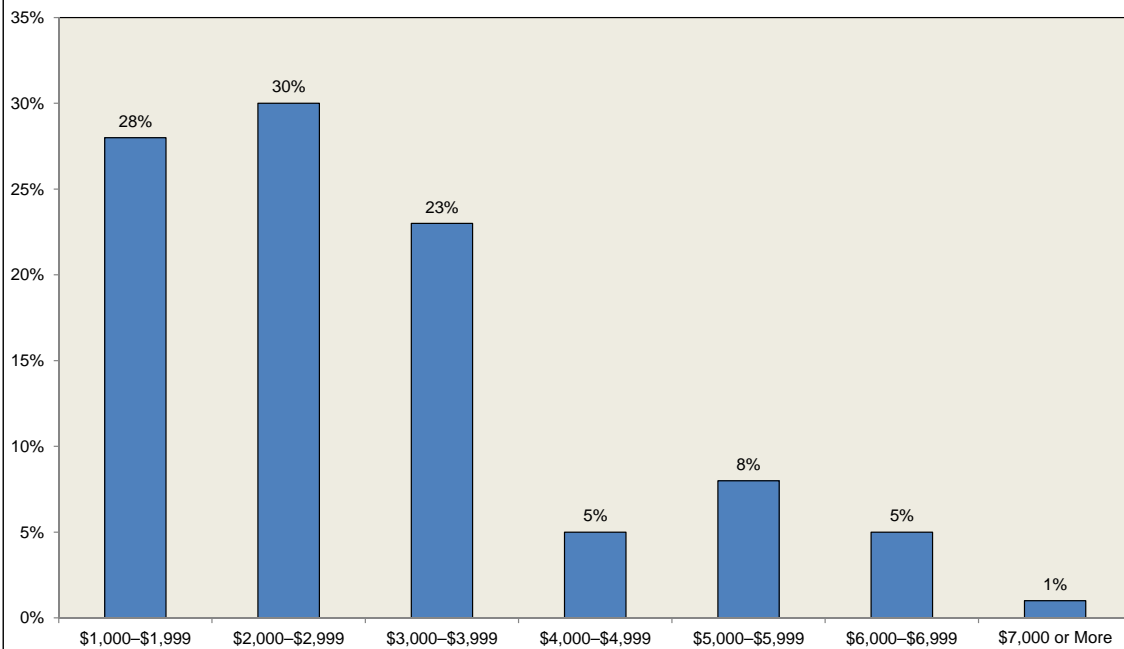
Source: EBRI HSA Database and March 2013 Current Population Survey.

Figure 9
Distribution of HSA Owners, by Type of Coverage
When Account was Opened, as Reported in 2013



Source: EBRI HSA Database.

Figure 10
Distribution of HSA Owners, by Deductible Level When
Account was Opened, as Reported in 2013



Source: EBRI HSA Database.

Not surprisingly, HSAs with family coverage were more likely than those with individual coverage to have a deductible of \$4,000 or more. Only 3 percent of accounts with individual coverage had a deductible of \$4,000 or more, whereas 36 percent of accounts with family coverage had a deductible of \$4,000 or more (Figure 11).

Contributions to HSAs

Just over one-half (52 percent) of HSA owners contributed to their account in 2013 (Figure 12). Twelve percent made a contribution in the range of \$1,000–\$1,999 and 15 percent contributed between \$2,000 and \$4,999. Only 2 percent contributed the maximum (at least \$6,450, although individuals ages 55 or older making catch-up contributions can contribute an additional \$1,000).

Similarly, just over one-half (51 percent) of HSA accounts had an employer contribution. One-quarter had an employer contribution of \$100–\$999; 17 percent received an employer contribution of \$1,000–\$1,999; and only 7 percent had an employer contribution of at least \$2,000.

When accounts receiving individual and employer contributions were combined, nearly one-third (31 percent) of accounts did not have any contributions, while 5 percent had \$6,450 or more in contributions.

Account Status Differences

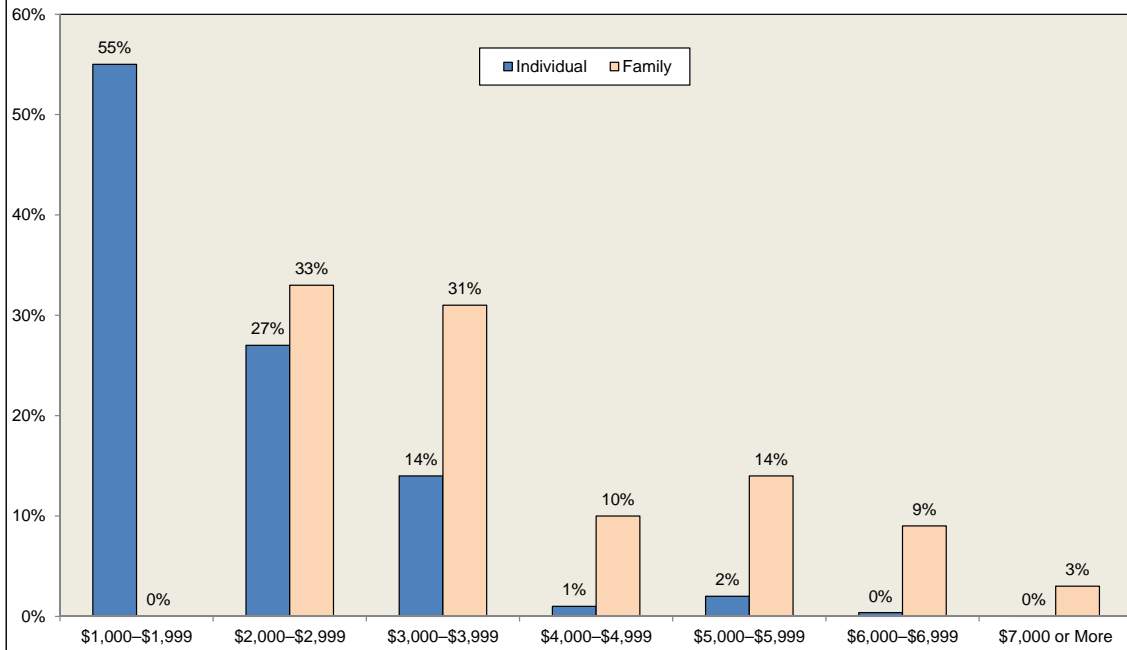
As mentioned above, HSAs can be grouped into a number of different account activity statuses. Two-thirds (65 percent) of accounts had either an individual or employer contribution in 2013 and a balance greater than zero at the end of the year. Four percent had an individual or employer contribution and a zero balance, while the remaining 31 percent did not have any contributions into the account. Just over one-half (53 percent) of those accounts had no distributions for claims during 2013, but ended the year with a zero balance. The assets in these accounts were transferred to another HSA and the accounts were probably closed.

Regardless of account status, while the age distribution of the HSA owners was relatively even (Figure 13), there are some gender differences. Among accounts with contributions in 2013, those with a positive balance were more likely to be owned by men than accounts with a zero balance at the end of 2013. Similarly, among accounts that did not have an individual or employer contribution in 2013, accounts with a positive balance at the end of the year were more likely to be owned by men than accounts with a zero balance.

Figure 14 illustrates the distribution of type of coverage and deductible when the HSA was opened, by account status. It also examines the year the HSA was opened, by account status. There are some notable differences:

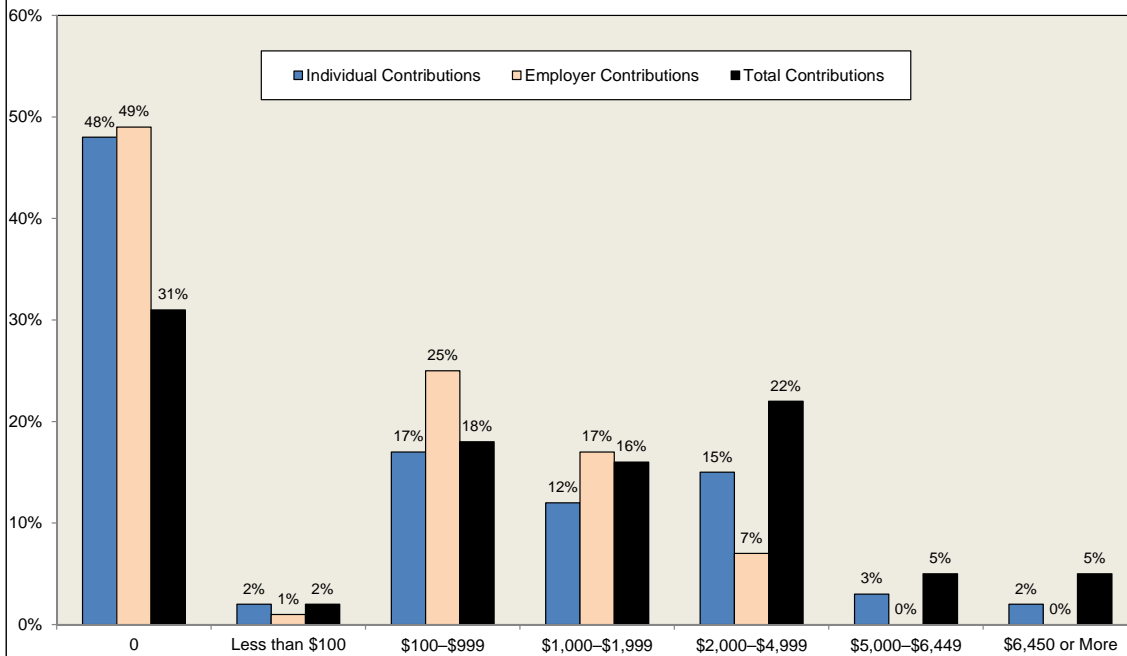
- Overall, about one-half of accounts were associated with individual coverage when opened, and about one-half were associated with family coverage. However, among accounts with no contributions in 2013 and no distributions for claims, 61 percent of those with a zero balance at the end of 2013 (17 percent of all accounts), and 70 percent of those with a positive balance at the end of 2013, were associated with individual coverage when the HSA was opened.
- Because accounts with no contributions and no distributions for claims were disproportionately associated with individual coverage when the HSA was opened, those accounts were also disproportionately associated with lower deductibles when the HSA was opened.
- When it comes to account status and year the HSA was opened, accounts more likely to have been closed during 2013 (those with no contributions) were more likely to have been opened before 2013. In contrast, accounts with contributions during 2013 were more likely than average to have been opened in 2013.

Figure 11
Distribution of HSA Owners, by Deductible Level and Type of Coverage When Account was Opened, as Reported in 2013



Source: EBRI HSA Database.

Figure 12
Distribution of HSA Owners, by Level of Individual, Employer, and Total Contributions, 2013



Source: EBRI HSA Database.

Figure 13

Distribution of HSA Owners, by Various Demographics and Account Status, 2013

	Total	Accounts With Contributions		Accounts With No Contributions			
		Zero Balance at End of 2013	Positive Balance at End of 2013	Distributions from Account for Claims		No Distributions from Account for Claims	
				Zero Balance at End of 2013	Balance at End of 2013	Zero Balance at End of 2013	Balance at End of 2013
Percent of Accounts	100%	4%	65%	3%	5%	17%	7%
Age							
Under 25	3%	3%	3%	2%	1%	3%	3%
25-34	25	26	25	24	23	25	28
35-44	25	27	26	25	21	25	23
45-54	25	25	26	24	21	24	21
55-64	19	16	19	18	21	18	17
65 or older	3	3	2	8	11	6	7
Gender							
Female	43	49	43	46	41	45	37
Male	57	51	57	54	59	55	63

Source: EBRI HSA Database.

Accounts With Contributions

This section of the report focuses on annual contributions to the HSA among accounts with either individual or employer contributions in 2013. As discussed above, 69 percent of HSAs had either an individual or employer contribution in 2013, and the balances in these HSAs accounted for 87 percent of all assets.

Among HSAs with any contribution in 2013, 24 percent did not have an individual contribution and 24 percent did not have an employer contribution (Figure 15). Only 3 percent of HSAs had individual contributions at or above \$6,450. When individual and employer contributions were combined, 7 percent of HSAs had contributions of \$6,450 or more. Otherwise, 30 percent of individual contributions were below \$1,000 (4 percent were less than \$100 and 26 percent were between \$100 and \$999); 17 percent were between \$1,000 and \$1,999; and 22 percent were between \$2,000 and \$4,999.

Among HSAs with employer contributions, 37 percent were between \$100 and \$999, and 25 percent were between \$1,000 and \$1,999. Twelve percent were \$2,000 or more.

Overall, 27 percent of HSAs had contributions of \$100–\$999, 23 percent had contributions of \$1,000–\$1,999, and 33 percent had contributions of \$2,000–\$4,999. Only 14 percent of HSAs had contributions of \$5,000 or more (7 percent were between \$5,000 and \$6,449, 7 percent were at \$6,450 or more).

End-of-Year Account Balance—Among HSAs with contributions, those with a zero account balance at the end of 2013 had lower individual contributions and were less likely to have individual contributions than those with a positive balance at the end of the year (Figure 16). Similarly, those with a zero account balance had lower employer contributions and were less likely to have employer contributions than those with a positive balance at the end of the year (Figure 17). Combined individual and employer contributions are shown in Figure 18. Among those with a zero account balance at the end of 2013:

- 23 percent had contributions of \$1,000–\$1,999.
- 19 percent had contributions of \$2,000–\$4,999.
- 6 percent had contributions of \$5,000 or more.

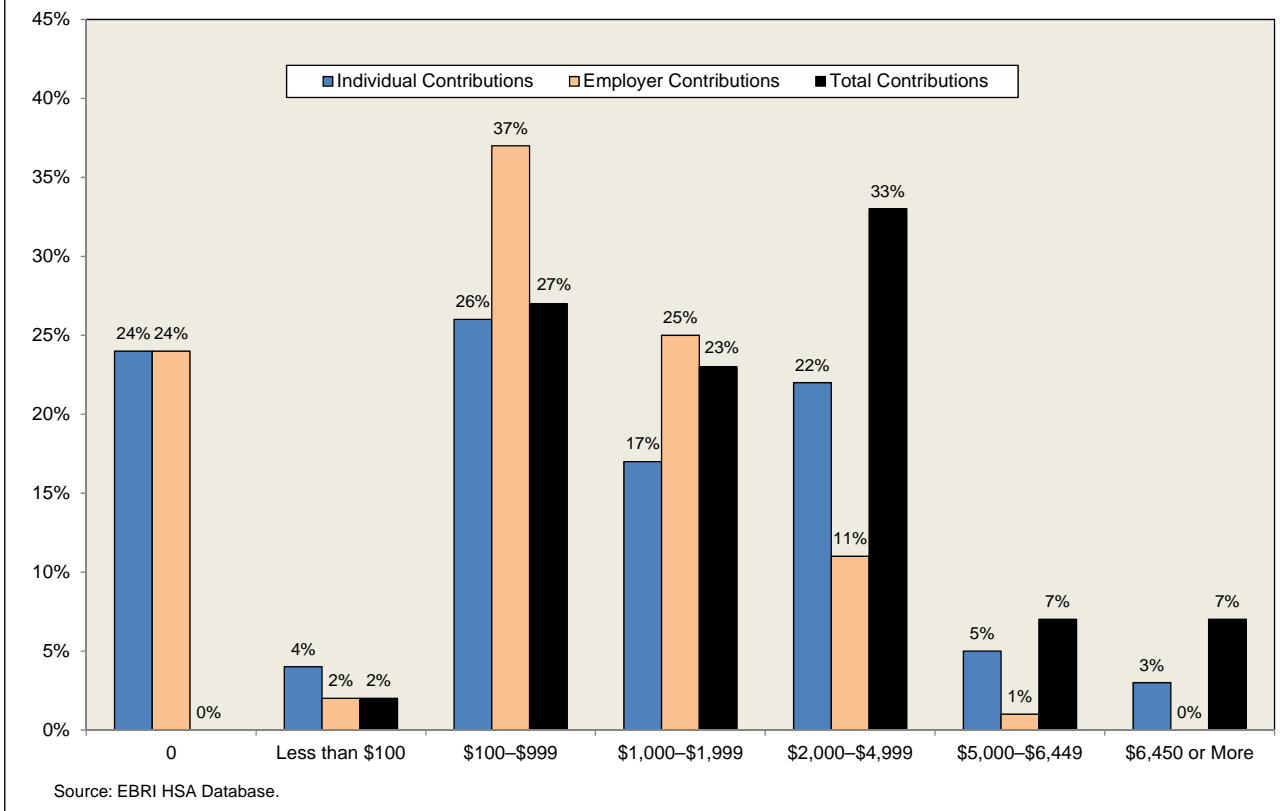
Among those with a positive account balance at the end of the year, 23 percent had contributions of \$1,000–\$1,999, 33 percent had contributions of \$2,000–\$4,999, and 16 percent had contributions of \$5,000 or more.

Figure 14
Distribution of HSA Owners, by Type of Coverage and Deductible
When Account Was Opened and Account Status, 2013

	Total	Accounts With Contributions		Accounts With No Contributions			
		Zero Balance at End of 2013	Positive Balance at End of 2013	Zero Balance at End of 2013	Positive Balance at End of 2013	Zero Balance at End of 2013	Positive Balance at End of 2013
Percent of Accounts	100%	4%	65%	3%	5%	17%	7%
Type of Coverage							
Individual	52%	50%	48%	49%	56%	61%	70%
Family	48	50	52	51	44	39	30
Deductible							
\$1,000-\$1,999	28	26	26	26	26	31	38
\$2,000-\$2,999	30	29	30	25	29	32	28
\$3,000-\$3,999	23	23	23	30	24	19	19
\$4,000-\$4,999	5	5	6	6	6	5	4
\$5,000-\$5,999	8	10	8	7	9	9	7
\$6,000-\$6,999	5	6	5	4	5	3	3
\$7,000 or more	1	1	2	1	1	1	1
Year Account Opened							
2004	1	<.5	<.5	1	1	1	1
2005	1	1	1	1	3	2	4
2006	2	1	1	2	5	3	6
2007	3	2	2	3	6	5	5
2008	5	3	4	5	8	9	10
2009	6	4	5	7	10	11	11
2010	12	10	8	16	18	19	20
2011	19	18	17	28	26	21	22
2012	20	27	21	32	20	15	16
2013	31	33	42	3	1	15	4

Source: EBRI HSA Database.

Figure 15
**Distribution of HSA Owners With Contributions,
 by Level of Individual, Employer, and Total Contributions, 2013**



End-of-Year 2013 Account Balances

This section focuses on account balances in HSAs in the EBRI HSA database with either individual or employer contributions in 2013. The figures show average account balances both including and excluding those with an end-of-year balance equal to zero, as well as the percentage of accounts with an end-of-year balance equal to zero.

Age—Despite the fact that older individuals use more health care services, on average, than younger individuals, account balances increase with age. Individuals under age 25 had an average of \$697 in their HSA at the end of 2013, compared with \$3,780 among individuals ages 55–64 (Figure 19). Even individuals ages 65 and older had an average of \$4,460 in their HSA at the end of 2013. Roughly 5–6 percent of accounts had an end-of-year balance of zero, except for those ages 65 and older, where 10 percent had a zero balance at the end of 2013.

Gender—Men have more money in their HSA than women. At the end of 2013, men had an average of \$2,326 in their account, while women had \$1,526 (Figure 20).

Year Account Opened—Not surprisingly, the longer an individual has had an account, the higher the account balance. Individuals who opened an account in 2004 (or before, for those with an MSA rollover) had an average of \$10,648 in their account (Figure 21). Those whose account was opened in 2011 had \$3,021, while those who first opened the account in 2013 ended the year with a \$1,151 balance.

Type of Coverage When HSA Was Opened—Also not surprising is the finding that HSAs associated with family coverage when the account was opened have higher balances than those associated with individual coverage, because people with family coverage are allowed to contribute about twice as much as people with individual coverage. At the

end of 2013, accounts associated with individual coverage when the account was opened had accumulated \$1,384, on average, while accounts associated with family coverage had \$2,552 (Figure 22).

Deductible When HSA Was Opened—End of year 2013 HSA balances tend to increase with the deductible level of the HSA-eligible plan when the account was opened. Among HSA owners with individual coverage when the account was opened, the average end-of-2013 balance was \$1,235 for those with a \$1,000–\$1,999 deductible, \$1,499 for those with a \$2,000–\$2,999 deductible, and \$1,581 for those with a \$3,000–\$3,999 deductible (Figure 23). End-of-year balances then fell off for HSAs with deductibles of \$4,000 or more, but sample sizes also tended to decline.

Among HSA owners with family coverage when the account was opened, the average end of 2013 balance in the EBRI HSA database was \$2,013 for those with a \$2,000–\$2,999 deductible; \$2,236 for those with a \$3,000–\$3,999 deductible; and \$2,952 for those with a \$4,000–\$4,999 deductible (Figure 24). There was no clear pattern in account balances for individuals with a deductible of \$5,000 or more.

Distributions

The remainder of this report focuses on average annual distributions and the likelihood that an account had a distribution for a health care claim. Account owners whose family members are covered by their health plan may make distributions for health care claims incurred by those family members.

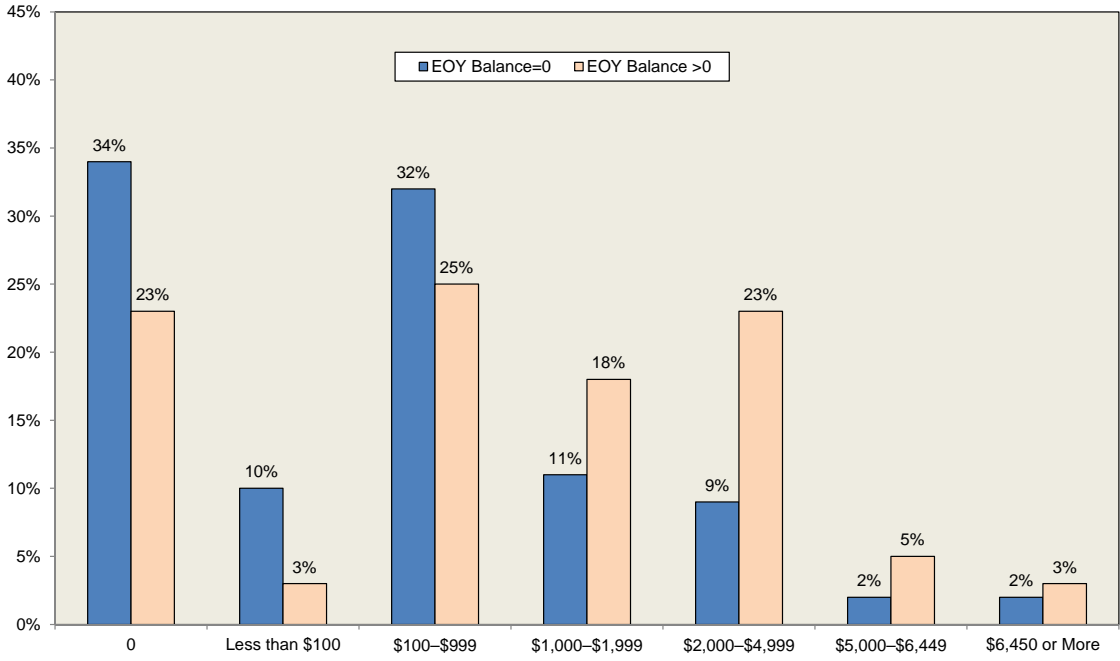
Age—The average annual amount distributed for health care claims increases with age, as does the likelihood that a distribution was made for a health care claim, until older ages. Individuals under age 25 had an average annual distribution of \$667 from their HSA in 2013, compared with \$2,335 among individuals ages 55–64 and \$2,017 among individuals ages 65 and older (Figure 25). The likelihood of taking a distribution increased from 44 percent among individuals under age 25, to 66 percent among those ages 35–44 and 45–54. That likelihood dipped slightly (to 64 percent) among those ages 55–64 and still further (to 49 percent) among those ages 65 and older. The decline in the average amount distributed, as well as the likelihood of there being a distribution for health care claims at older ages, may have been a reflection of fewer people covered by the HSA-eligible health plan as fewer dependent children are covered by older account owners.

Gender—Men and women were about equally likely to have a distribution for health care claims from the accounts in the EBRI HSA database. Fifty-six percent of women and 54 percent of men had a claim in 2013 (Figure 26). However, average annual claims were higher for men (\$2,039) than they were for women (\$1,595).

Year Account Opened—The longer an individual has had an HSA, the higher the average amount distributed for health care claims. Individuals who opened an account in 2004 (or before, for those with an MSA rollover) had an average annual distribution of \$3,025 from their account (Figure 27). Those whose account was opened in 2011 had an average annual distribution of \$2,141, and those who first opened the account in 2013 had an average annual distribution of \$1,575. While average amounts distributed were higher among older accounts, the likelihood of there being a distribution was higher among accounts opened since 2011. Roughly half (between 50–55 percent) of accounts opened between 2004 and 2010 had a distribution for a health care claim, whereas 64 percent of accounts opened in 2011, 71 percent of accounts opened in 2012, and 68 percent of accounts opened in 2013 had a distribution for a health care claim.

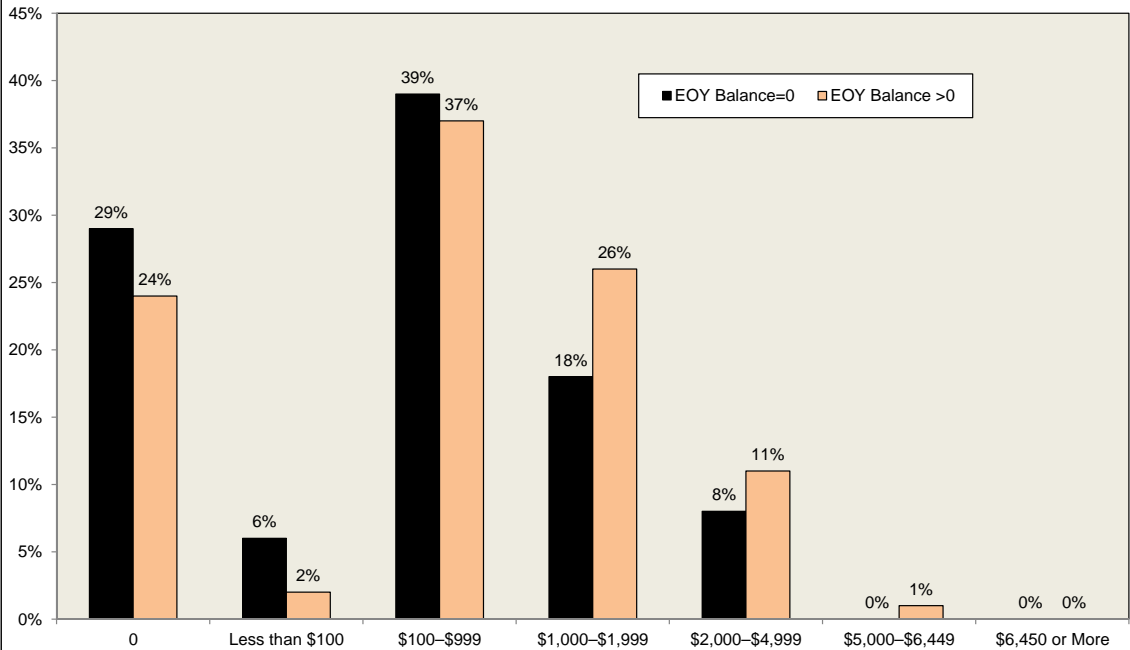
Type of Coverage When HSA Was Opened—Because of the greater number of covered individuals and higher account balances, it is not surprising that HSAs associated with family coverage when the account was opened had a higher likelihood of having a distribution for a health care claim and had higher distributions, on average. In the EBRI HSA database, 70 percent of HSAs associated with family coverage when the account was opened incurred a claim in 2013, compared with 50 percent among accounts associated with individual coverage when the account was opened (Figure 28). Annual distributions averaged \$2,435 from accounts associated with family coverage when the account was opened, and \$1,021 among accounts associated with individual coverage when the account was opened.

Figure 16
Distribution of HSA Owners With Contributions, by Level of Individual Contributions and End-of-Year Account Balance, 2013



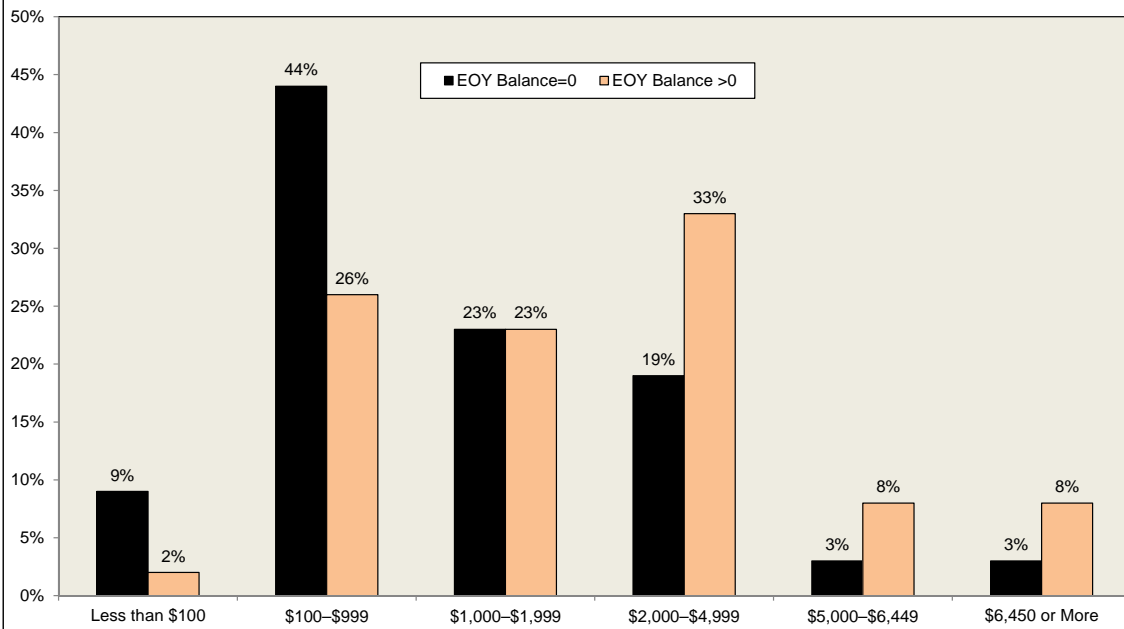
Source: EBRI HSA Database.

Figure 17
Distribution of HSA Owners With Contributions, by Level of Employer Contributions and End-of-Year Account Balance, 2013



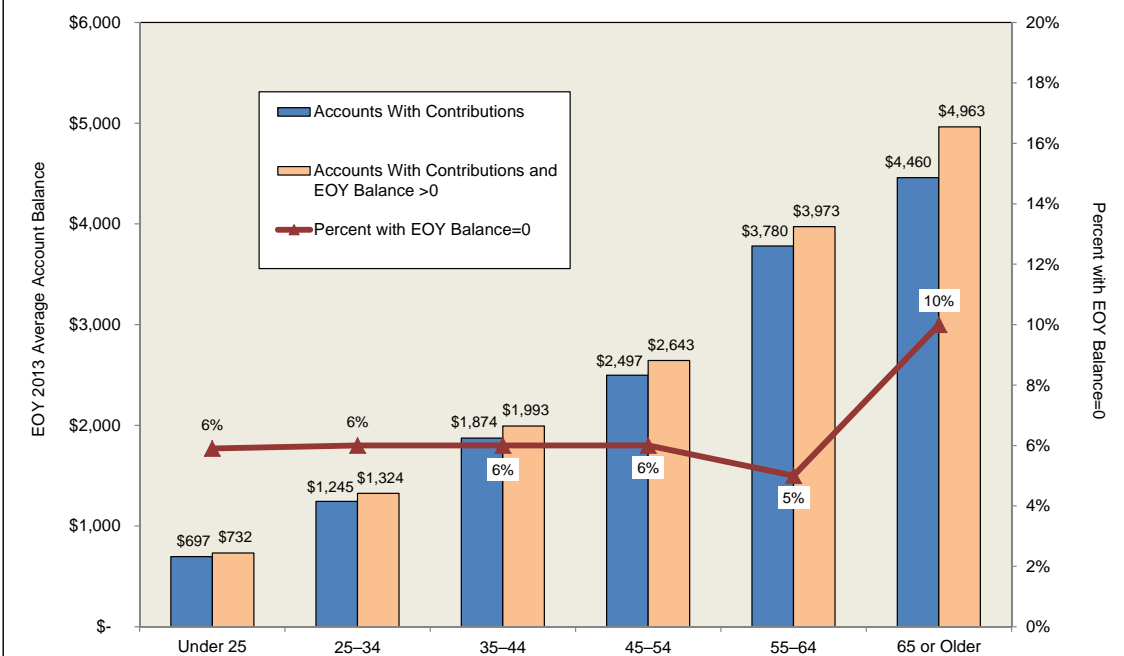
Source: EBRI HSA Database.

Figure 18
Distribution of HSA Owners With Contributions,
by Level of Combined Individual and Employer
Contributions and End-of-Year Account Balance, 2013



Source: EBRI HSA Database.

Figure 19
Average End-of-Year Account Balance Among Accounts With
Contributions, by Age of HSA Owner, 2013



Source: EBRI HSA Database.

Figure 20
Average End-of-Year Account Balance Among Accounts With Contributions, by Gender of HSA Owner, 2013

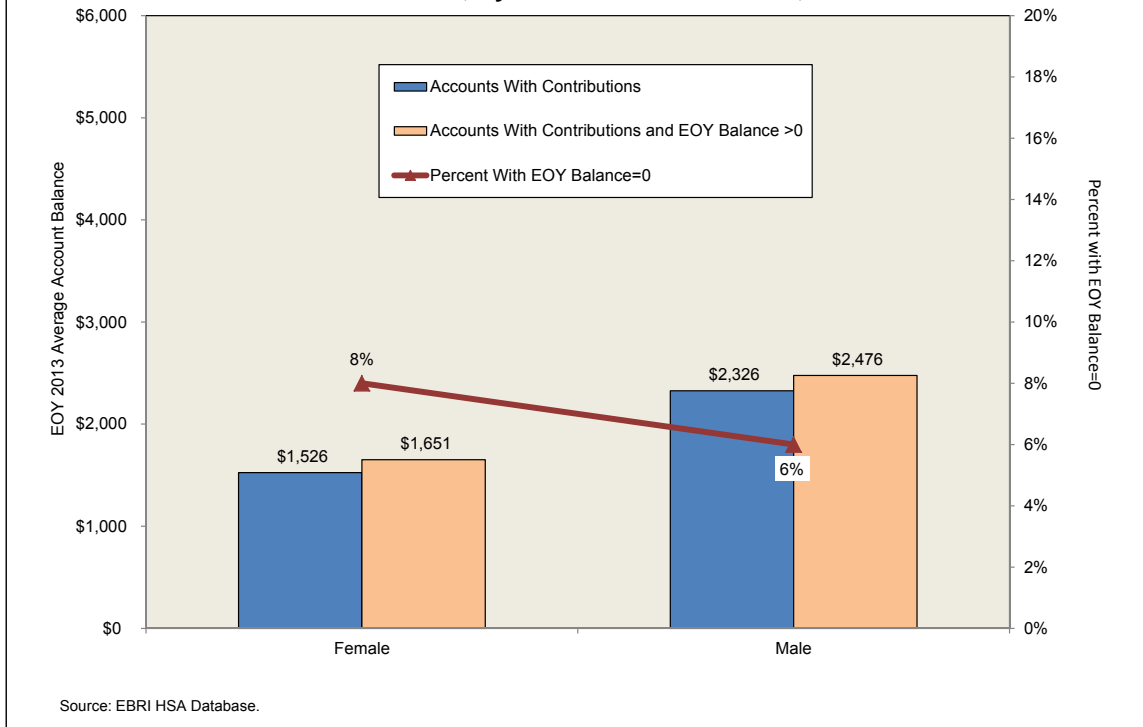
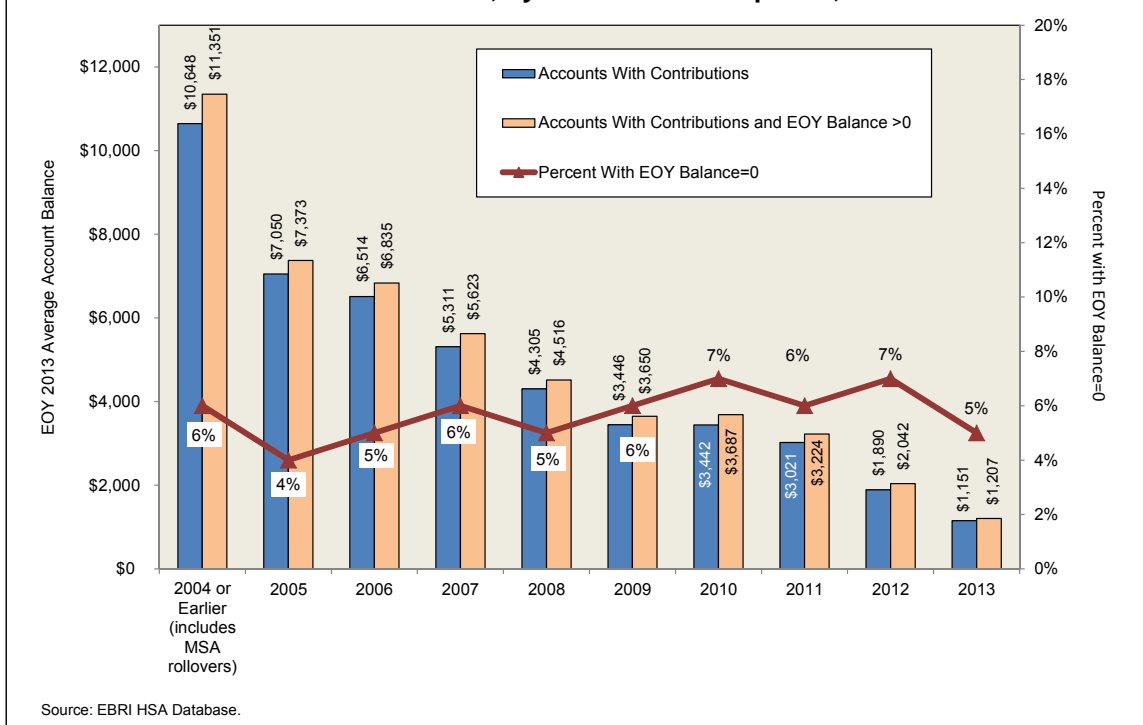


Figure 21
Average End-of-Year Account Balance Among Accounts With Contributions, by Year HSA Was Opened, 2013



Deductible When HSA Was Opened—The likelihood of a distribution for health care claims tended to increase with the deductible level of the HSA-eligible health plan when the account was opened, as did the amount of the average annual distribution. One-half (51 percent) of accounts associated with a \$1,000–\$1,999 deductible when the HSA was opened had a distribution for health care claims in 2013, compared with 64–71 percent among accounts associated with a deductible of at least \$4,000 (Figure 29). Average annual distributions increased from \$968 among accounts associated with a \$1,000–\$1,999 deductible when the HSA was opened to \$2,447–\$2,470 among accounts associated with a \$4,000–\$5,999 deductible when the HSA was opened, and nearly \$2,800 among accounts associated with a deductible of at least \$6,000 when the HSA was opened.

Conclusion

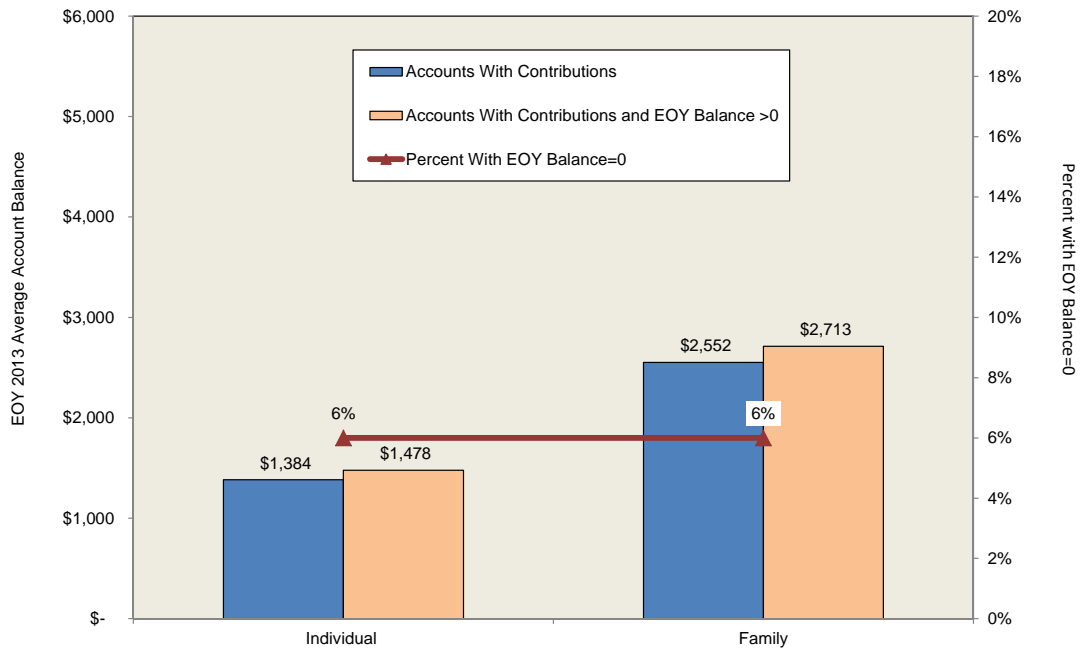
2014 marks the 10-year anniversary of the introduction of HSAs. Starting from scratch a decade ago, enrollment in HSA-eligible health plans is estimated to range from 15.5 million to 20.4 million policyholders and their dependents, and it has also been estimated that there are 10.7 million accounts holding \$19.3 billion in assets as of Dec. 31, 2013. The number of employers expected to offer an HSA-eligible health plan either as an option or as the only health plan option is expected to continue to increase. As a result, HSA-eligible health plans and HSAs are expected to become vital components of employment-based health coverage.

This study examines data from the EBRI HSA Database, which contains data collected from various HSA providers on 1.5 million accounts with total assets of \$2.7 billion. Seventy percent of HSAs were opened since 2011. Overall, average balances increased from \$1,280 to \$1,766 during calendar year 2013.

Nearly 70 percent of the accounts in the EBRI HSA Database had either an individual or employer contribution. Average balances in these accounts increased from \$1,436 to \$2,242. About 6 percent of them ended 2013 with a zero balance. Just over one-half of accounts had individual contributions, with deposits averaging \$2,032. Among the 51 percent of accounts receiving employer contributions, the accounts received an average of \$1,184. Distributions for health care claims averaged nearly \$2,000 among the 62 percent of accounts with a distribution.

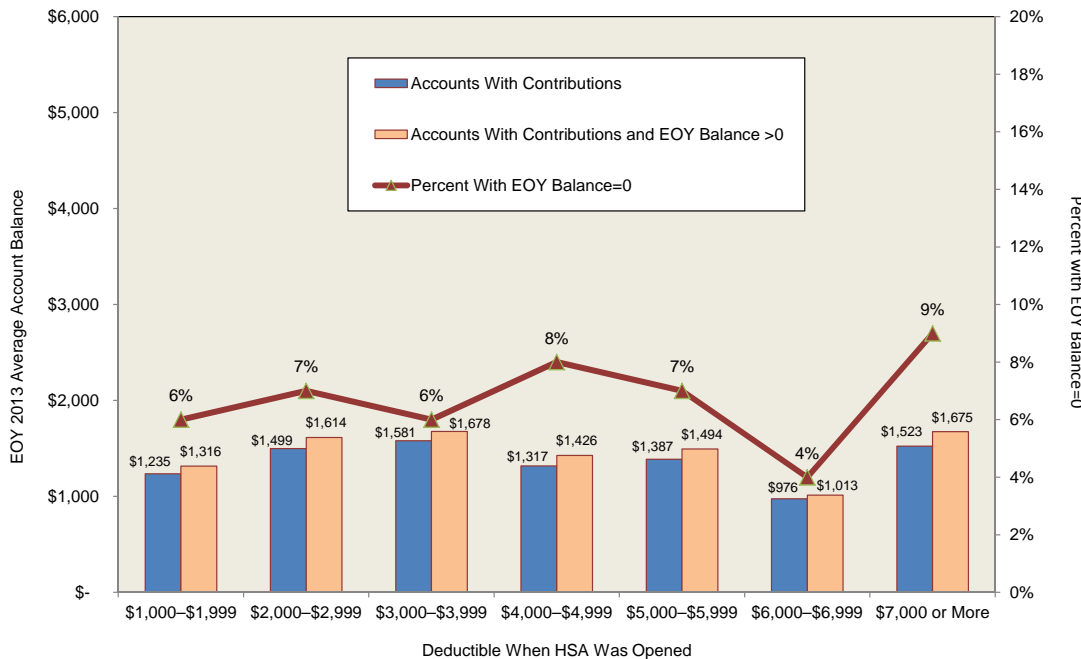
As the database expands, future studies will continue to examine trends in these important account indicators.

Figure 22
Average End-of-Year Account Balance Among Accounts With Contributions, by Type of Coverage When HSA Was Opened, 2013



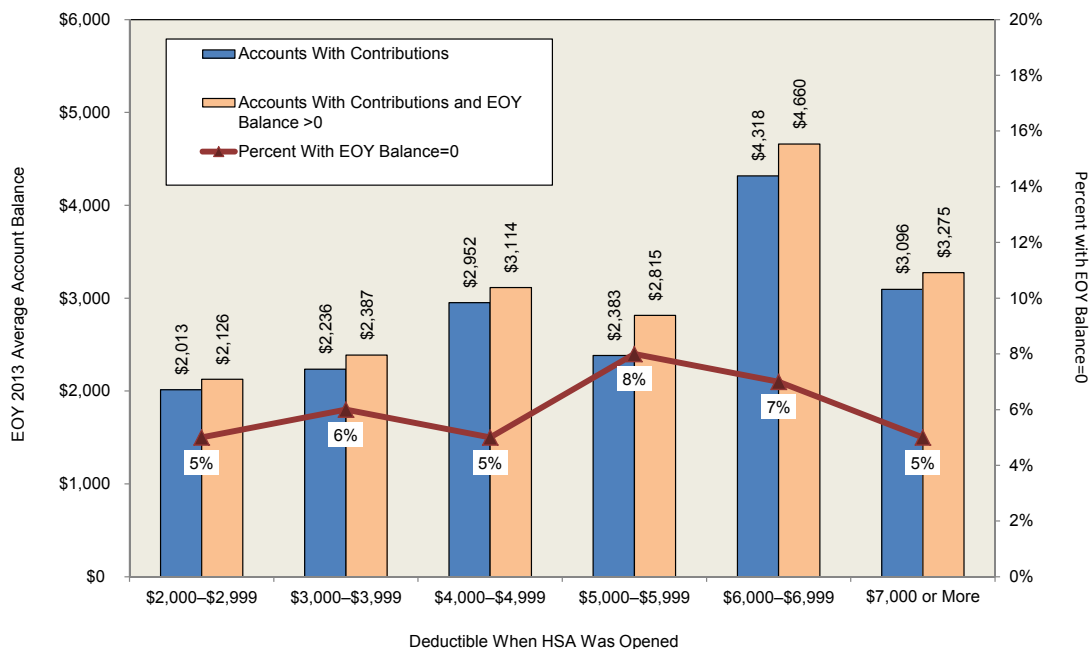
Source: EBRI HSA Database.

Figure 23
Average End-of-Year Account Balance Among Accounts With Contributions, by Deductible for Individual Coverage When HSA Was Opened, 2013



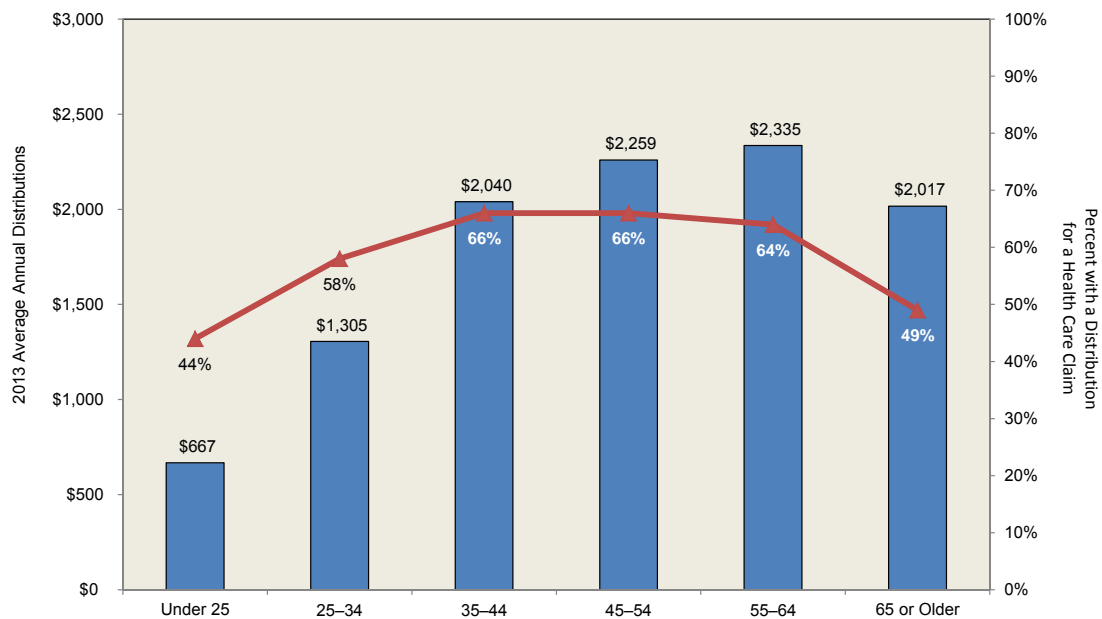
Source: EBRI HSA Database.

Figure 24
**Average End-of-Year Account Balance
 Among Accounts With Contributions,
 by Deductible for Family Coverage When HSA Was Opened, 2013**



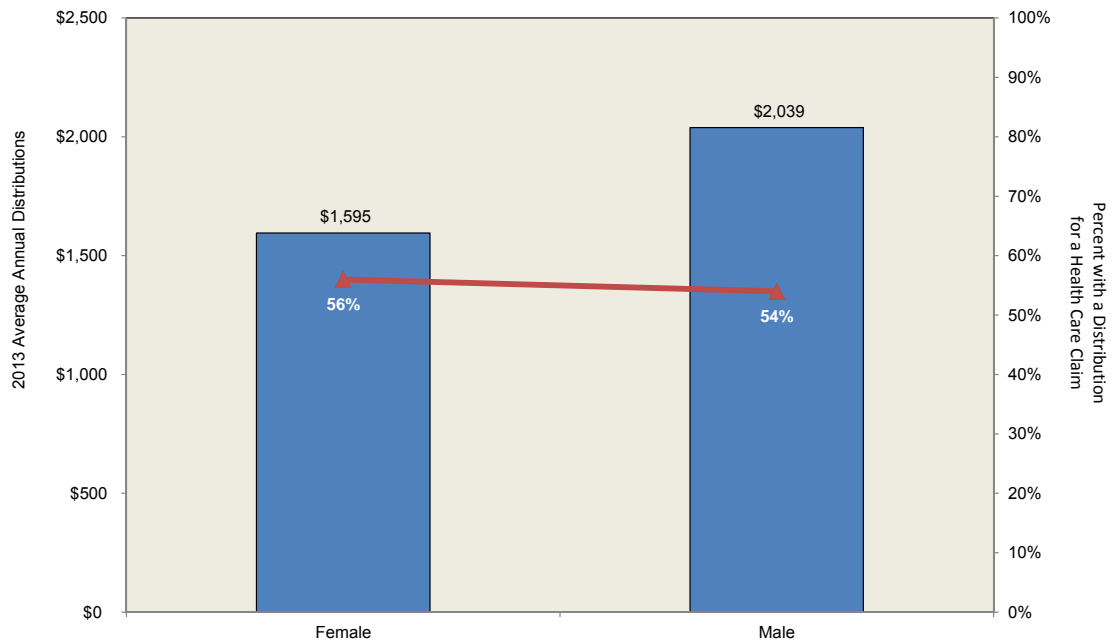
Source: EBRI HSA Database.

Figure 25
**Average Annual Distributions Among Accounts With
 Claims and the Likelihood of Having a Distribution for
 a Health Care Claim, by Age of HSA Owner, 2013**



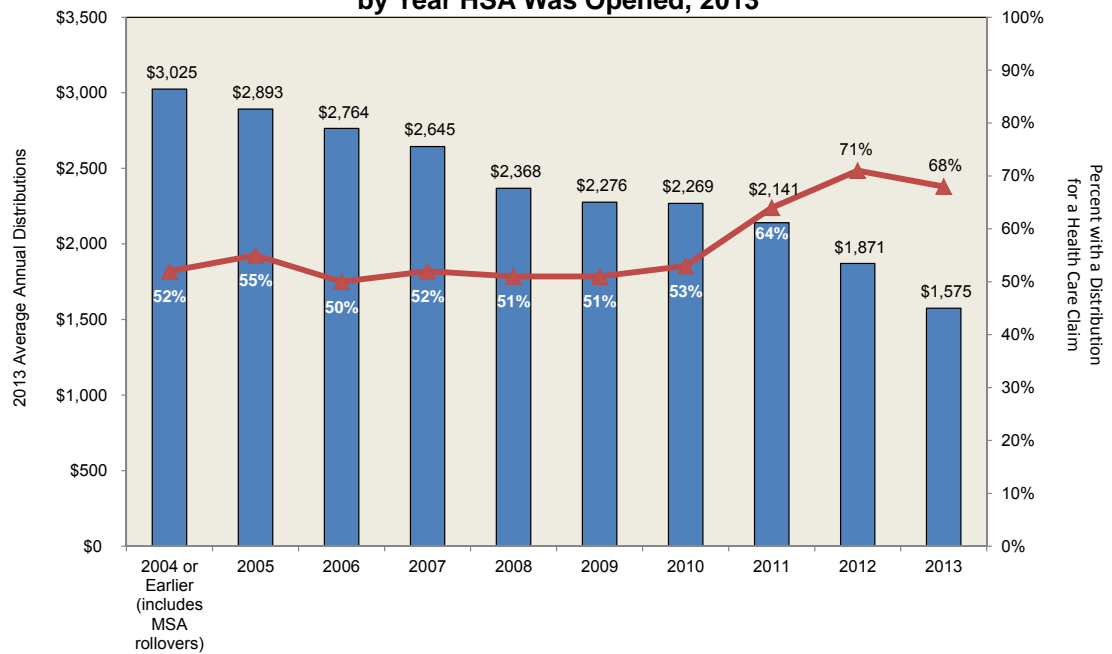
Source: EBRI HSA Database.

Figure 26
Average Annual Distributions Among Accounts With Claims and the Likelihood of Having a Distribution for a Health Care Claim, by Gender of HSA Owner, 2013



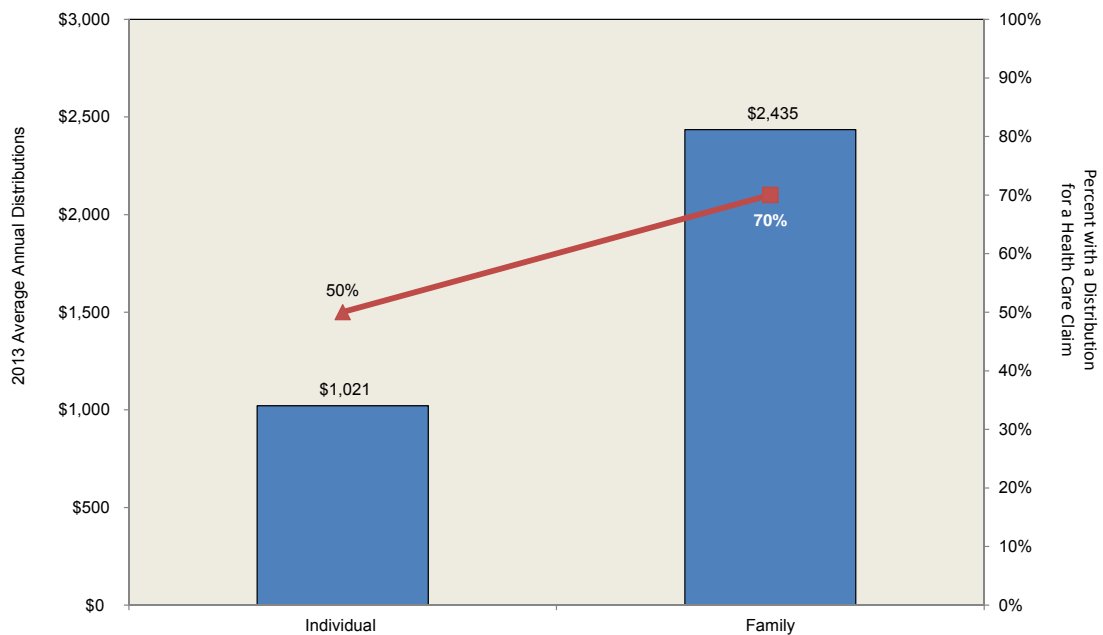
Source: EBRI HSA Database.

Figure 27
Average Annual Distributions Among Accounts With Claims and the Likelihood of Having a Distribution for a Health Care Claim, by Year HSA Was Opened, 2013



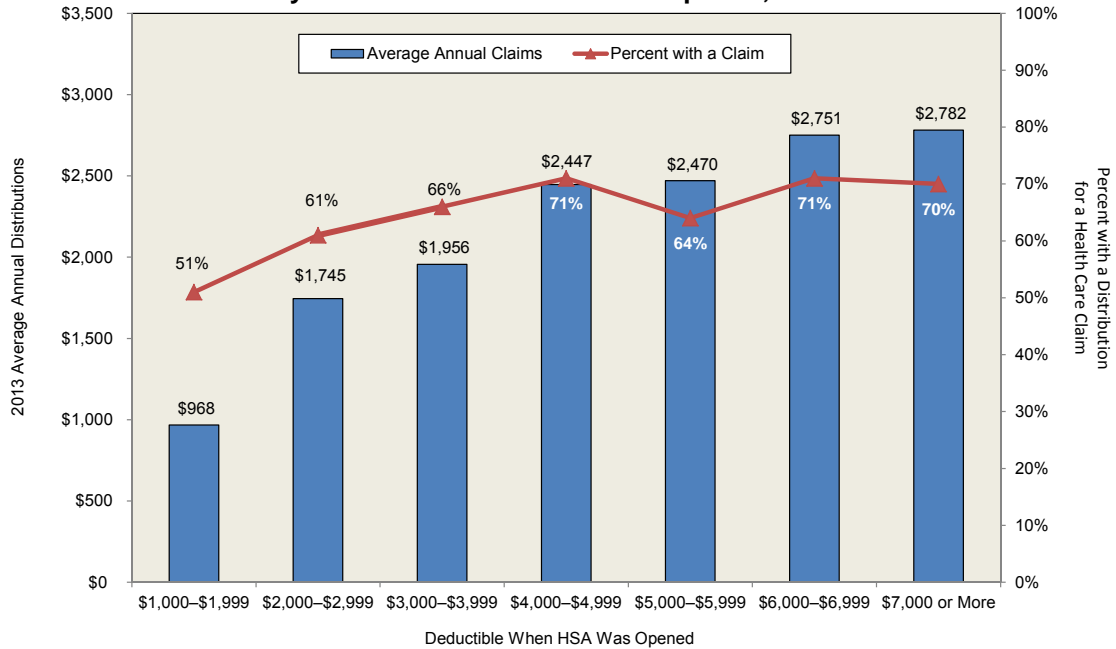
Source: EBRI HSA Database.

Figure 28
Average Annual Distributions Among Accounts With Claims and the Likelihood of Having a Distribution for a Health Care Claim, by Type of Coverage When HSA Was Opened, 2013



Source: EBRI HSA Database.

Figure 29
Average Annual Distributions Among Accounts With Claims and the Likelihood of Having a Distribution for a Health Care Claim, by Deductible When HSA Was Opened, 2013



Source: EBRI HSA Database.

References

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- Fronstin, Paul, and M. Christopher Roebuck. "Health Care Spending after Adopting a Full-Replacement, High-Deductible Health Plan With a Health Savings Account: A Five-Year Study." *EBRI Issue Brief*, no. 388 (Employee Benefit Research Institute, July 2013).
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Endnotes

¹ America's Health Insurance Plans (AHIP) found that 15.5 million people were enrolled in an HSA-eligible plan in January 2013 (See <http://www.aahp.org/hsa2013/>). CEHCS estimated that 20.4 million people were enrolled in an HSA-eligible plan in August 2013 (see http://www.ebri.org/pdf/EBRI_IB_012-13.No393.CEHCS.pdf). The actual number likely falls somewhere in between. The AHIP census was based on 91 companies. Some insurers may not have reported HSA-eligible enrollment numbers to AHIP, which would mean that the AHIP census underestimated HSA-eligible enrollment. The CEHCS may have overestimated the percentage of individuals in an HSA-eligible plan as it is based on self-reported eligibility status.

² See www.devenir.com/research/year-end-2013-devenir-hsa-research-report/

³ See Figure 8 in <http://uk.mercer.com/press-releases/1565095> and Figure 33 in <http://www.towerswatson.com/DownloadMedia.aspx?media={B5CC3143-9B78-4B92-96A4-3F569300406F}>

⁴ See the literature review in Bundorf (2012) as well as more recent research in Fronstin and Roebuck (2013); Fronstin, Sepulveda and Roebuck (June 2013); and Fronstin, Sepulveda and Roebuck (December 2013).

⁵ See www.ahip.org/HSAAccounts2009/

⁶ See www.devenir.com/research/year-end-2013-devenir-hsa-research-report/

⁷ See Fronstin (2013), Fronstin (January 2014), and Fronstin (April 2014).

⁸ Only Medicare enrollees ages 65 and older are allowed to pay insurance premiums from an HSA. A Medicare enrollee under age 65 cannot use an HSA to pay insurance premiums.

⁹ See www.aahp.org/hsa2013/

¹⁰ See Figure 6 in <http://uk.mercer.com/press-releases/1565095>

¹¹ See Figure 6 in www.cdc.gov/nchs/data/nhis/earlyrelease/insur201309.pdf

¹² See Exhibit 5.1 in <http://kaiserfamilyfoundation.files.wordpress.com/2013/08/8465-employer-health-benefits-20131.pdf>

¹³ See Exhibit 8.1 in <http://kaiserfamilyfoundation.files.wordpress.com/2013/08/8465-employer-health-benefits-20131.pdf>

¹⁴ See Exhibit 8.3 in <http://kaiserfamilyfoundation.files.wordpress.com/2013/08/8465-employer-health-benefits-20131.pdf>

¹⁵ See Exhibit 8.4 in <http://kaiserfamilyfoundation.files.wordpress.com/2013/08/8465-employer-health-benefits-20131.pdf>

¹⁶ See Towers Watson/NBGH 2013/2014 Employer Survey on Purchasing Value in Health Care, <http://www.towerswatson.com/DownloadMedia.aspx?media={B5CC3143-9B78-4B92-96A4-3F569300406F}>

¹⁷ See www.devenir.com/research/year-end-2013-devenir-hsa-research-report/

¹⁸ According to Devenir, there were 10.7 million accounts holding \$19.3 billion in assets as of Dec. 31, 2013. See www.devenir.com/research/year-end-2013-devenir-hsa-research-report/

¹⁹ At no time has any nonpublic personal information that is personally identifiable, such as Social Security number, been transferred to or shared with EBRI.

²⁰ A very small percentage (less than 0.5 percent) of accounts have an account opening date prior to 2004. An HSA that was funded by amounts rolled over from an MSA was considered established on the date the MSA was established.

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